



June 4, 2021

Katie Wunderlich  
Executive Director, HSCRC  
4160 Patterson Avenue  
Baltimore, Maryland 21215

Re: Maryland's Performance on the Total Cost of Care Requirements, CY 2020

Dear Ms. Wunderlich:

This letter is intended to inform the Health Services Cost Review Commission (HSCRC) and the State of Maryland (the State) that the Center for Medicare and Medicaid Innovation (CMMI) has reviewed the State's performance on the following annual requirements of the Maryland Total Cost of Care Model (the Agreement), and confirms that all requirements have been satisfactorily met for calendar year 2020 (Performance Year 2).

**1. Annual Medicare Savings (Section 6.c)**

The State is required to produce annual savings in Maryland Medicare TCOC per Beneficiary of \$156 million for MY2 (CY 2020). For Performance Year 5, the State must achieve at least \$300 million in Maryland Medicare per Beneficiary cost savings. In accordance with the Methodology defined in Section 6.b and Appendix C of the State Agreement, CMS has calculated the annual Medicare TCOC savings per Maryland Medicare Beneficiary to be \$390.6 million for CY 2020. In reference to section 6.b.i, one half of the difference between the annual Medicare savings and the annual Medicare savings target will be added to the subsequent model year, if the annual Medicare savings in MY1 or MY2 exceed the annual savings target. Because MY1 (CY 2019) annual Medicare savings exceeded the MY1 savings target, in the amount of \$244.85 million, one half, or \$122.42 million, will be added to the \$390.6 million for a total of \$513M in annual Medicare savings for MY2. For CY 2020, the calculated annual Medicare TCOC savings per Maryland Medicare Beneficiary of \$390.6 million is in excess of the CY 2020 target, in the amount of \$243.6 million, thus one half, or \$117.3 million, in Medicare savings will be added to the MY3 (CY 2021) annual Medicare savings amount. CMS considers this requirement of the Model met.

**2. TCOC Guardrail (Section 6.e)**

The State must not exceed growth in National Medicare TCOC per beneficiary by more than one percent for any given Model Year and must not exceed the National Medicare TCOC per beneficiary by

any amount for two or more consecutive Model Years. The State's TCOC per beneficiary growth rate was 0.5 percentage points below the National growth rate in CY20. Therefore, CMS considers this requirement of the Model met.

### **3. All-Payer Revenue Limit (Section 6.f)**

The all payer growth limit must be less than or equal to 3.58 percent per capita annually. The State's All-Payer hospital revenue growth per capita for CY 2020 was .21 percent; therefore, CMS considers this requirement of the Model met.

### **4. All-Payer Quality Improvement Reductions in Potentially Preventable Conditions under the Maryland's Hospital Acquired Condition Program (Section 8.d.1-3)**

The State must maintain improvements seen under the All-Payer Model by not exceeding the CY 2018 PPC rates for 14 Potentially Preventable Conditions (PPCs) that comprise Maryland's Hospital Acquired Condition program (MHAC) in a given Performance Year. The HSCRC reported All-Payer PPC performance for CY 2020 yielded a .06 percentage point reduction in the All-Payer PPC rate, compared to CY 2018. Based on the State's report, CMS considers this requirement of the Model met for CY 2020.

### **5. Readmissions Reductions for Medicare (Section 8.d.1-3)**

The State must maintain the improvements achieved under the All-Payer Model on the aggregate Medicare 30-day unadjusted all-cause, all-site hospital readmission rate for Medicare FFS beneficiaries such that regulated Maryland Hospitals have achieved equal to or less than the national Readmission Rate for Medicare FFS beneficiaries at the end of Performance Year 2. CMS has reviewed the State's calculation and concludes that State's CY 2020 Readmission Rate of 15.18 percent is below the national CY 2020 Readmission Rate of 15.55 percent; therefore, CMS considers this requirement of the Model met.

### **6. Hospital Revenue Population Based Payment (Section 8.a.)**

The State is required to facilitate the movement of Regulated Revenue for Maryland residents into Population-Based Payment reimbursements. Section 8.a.ii requires that at least 95 percent of all Regulated Revenue for Maryland residents is paid according to a Population-Based Payment methodology. The HSCRC has reported 97.9 percent of Regulated Revenues are under Maryland's 'Rate Setting System' for CY 2020, which CMS has approved as meeting the definition of a Population-Based Payment. Based on the State's report, CMS considers this requirement of the Model met for CY2020.

In summary, CMS has determine that the State has met or exceeded the annual requirements of the Maryland Total Cost of Care Model for the second Performance Year of the Model (CY 2020).

Sincerely,

A handwritten signature in black ink, appearing to read "Rivka Friedman". The signature is fluid and cursive, with the first name "Rivka" being more prominent than the last name "Friedman".

Rivka Friedman  
Director, Prevention and Population Health Group  
Acting Director, State Innovations Group  
Center for Medicare and Medicaid Innovation  
Centers for Medicare & Medicaid Services